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REPORT FROM THE COMMISSION

TO THE COUNCIL, THE EUROPEAN PARLIAMENT,
THE ECONOMIC AND SOCIAL COMMITTEE
AND THE COMMITTEE OF THE REGIONS

ON THE IMPLEMENTATION OF THE RECOMMENDATION 92/441/EEC OF 24 JUNE 1992 ON
COMMON CRITERIA CONCERNING SUFFICIENT RESOURCES AND SOCIAL ASSISTANCE
IN SOCIAL PROTECTION SYSTEMS

EXECUTIVE SUMMARY

The purpose of this report is to evaluate the role of minimum income schemes within social protection systems as components of the fight against poverty, and to analyse the contribution of these schemes toward enabling social and economic reintegration. It is born of **EEC Recommendation 92/441**, of 24 June 1992, which was intended by the Council as a means of supporting the efforts being undertaken by Member States to address poverty and exclusion.

Within the broad range of social transfers provided by social protection systems, minimum incomes are the final safety net mechanism of income redistribution. They help the poorest people in society by covering basic needs without any requirement for prior contributions. Behind the common principles expressed in the Recommendation lie complex and varied national methods of implementation. In fact, minimum incomes do not act in isolation in social protection systems, but form part of a range of benefits and social services, of which the report gives a first overview.

The number of minimum income beneficiaries has risen since the end of the 1980s. There appear to be two main factors behind this rise. The first is higher and more persistent unemployment. The second relates to a rise in the numbers who have experienced social disruptions in their lives, i.e. family breakdown, forced migration, homelessness, over-indebtedness, prison. Compared to the overall population, single men and single-parent families are over-represented.

Member States, to varying degrees, relate minimum incomes to measures aimed at increasing access to employment. The range of action this implies includes: mobilising employment services more strongly for the most disadvantaged people; socially useful activities; job creation in the non-profit sector; financial incentives to employers to hire minimum income recipients; and helping people to move into employment without loss of income. These measures still have a limited impact and should evolve to improve integration of minimum income recipients into the labour market. This shift towards more active support for minimum income recipients of working age is consonant with meeting the commitments of the European employment strategy.

In looking for greater effectiveness, several Member States are widening their scope of intervention to include measures which aim at improving economic and social integration of minimum income recipients. This may cover broader social issues such as housing, education, family, health or citizenship. A more individualised approach is also being developed, in some Member States, which more actively involves minimum income recipients in designing personal projects with the support of social and employment services, as well as that of local partners.

The Council Recommendation has helped to organise and stimulate the debate between Member States on the role and development of minimum income schemes. The schemes that it covers are continuously evolving and need to do so in a holistic way, in terms of general social policy action and, particularly, employment policy. In order to help optimise the effectiveness of Member States' action in delivering social protection, increasing access to employment, and developing social and economic integration, this report offers material with which to develop the debate and prepare the ground for implementing the new Article 118 of the future Treaty (article 137 of the consolidated version).

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Council Recommendation 92/441/EEC of 24 June 1992

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In 1992 the Council adopted two Recommendations based on Commission commitments in its Social Action Programme for the implementation of the Community Charter on the Fundamental Social Rights of Workers (December 1989). The first¹ deals with the convergence of social protection objectives and policies, and includes amongst its common objectives the guarantee of a level of resources in keeping with human dignity. The second Recommendation² sets out the principles and conditions by which this guarantee is to be implemented. This Recommendation, a copy of which is enclosed, is the subject of this report.

This report is based on three main sources. The first is the results of the 1996 European seminar organised in Lisbon³ when Portugal was about to introduce national minimum income provisions. The second is a further enquiry conducted among Member States in 1997. The third is work done by the European Foundation for the improvement of living and working conditions⁴. The report evaluates the role of minimum income schemes within social protection systems from the point of view of the fight against poverty. It also analyses the contribution of these schemes to the social and economic reintegration of their recipients.

The report should also be seen as having links with the Commission's activities to promote discussion on modernising and improving social protection in the European Union⁵ and with the European Employment strategy⁶. It forms part of the Commission's preparation for implementation of the new Article 118 of the future Treaty (article 137 in the consolidated version) in relation to social exclusion.

I - The position of minimum income schemes in social protection systems

The origins of minimum income schemes can be traced back to the very beginnings of public social assistance to the poor and disadvantaged when they were unable to make a living from other means. Providing a minimum income to people without resources was seen as a moral duty and helped to maintain a degree of social stability. As comprehensive social protection systems were being constructed, minimum income schemes were integrated into them to a greater or a lesser extent.

In countries where social insurance based on employment predominates (for example, Germany, Belgium, Austria, France, and Luxembourg), minimum income schemes, which are not contribution-based and support people out of work, have remained outside of social security systems. The situation in the Netherlands is similar. Responsibility for management of these schemes has been left to local authorities. National authorities are involved to only a limited degree and do no more than establish a common legal framework for the various types of action.

¹ Recommendation 92/442/EEC of 27 July 1992, J.O. L 245 of 26-08-92.

² Recommendation 92/441/CEE of 24 June 1992, J.O. L 245 of 26-08-92.

³ "Minimum income policies in the European Union" Pierre Guibentif-Denis Bouget, 1997; published jointly by the Commission, the Portuguese *Ministério da Solidariedade e Segurança Social* and the *União das Mutualidades portuguesas*.

⁴ "Report on GMI development in EU Member Countries in 1992-1997", Matti Heikkilä, Darren McCausland, working document, Dec. 1997.

⁵ COM(97)102 final of 12-03-97

⁶ European Employment Guidelines, Resolution of 15 December 1997, for 1998; COM(98) 574 final for 1999

However, minimum income schemes have been perceived as intrinsic to those social protection systems where a more universal approach is adopted, based on people's needs and underpinned by the concept of assistance. This is the situation in Ireland, the United Kingdom, the Nordic countries and, more recently, Portugal. In these cases, minimum income schemes took on a more integrated appearance from the start, with higher-profile state intervention. The Mediterranean countries lie between these two models; minimum income schemes are still relatively rare. There is none at all in Greece, some local schemes in Italy⁷ and schemes operated by the Autonomous Communities in Spain.

These differences show up in the way that management and financing responsibilities are allocated at the national, regional and local levels. However, the fact that the schemes are faced with similar socio-economic changes and have to respond to the same types of problems helps to bring them closer together in practice.

1 - 1. The final safety net

Minimum incomes cover essential needs in situations of financial crisis. They are non-contributory, financed by tax revenues and secondary to family solidarity.

Minimum income schemes operate as a final safety net for those unable to make their living otherwise. As mentioned in the Recommendation (C-2), minimum incomes provide a differential financial aid. They make up the shortfall between own and family resources – whether in the form of earnings from work or other social benefits⁸ - and guaranteed minima. This general principle covers complex and varied national methods of implementation⁹.

The schemes cover fundamental needs, as envisaged by the Recommendation (section C-1-a). The levels of the minimum incomes are generally defined for a country as a whole, but may take into account regional variations in the standard or cost of living. Minimum incomes are indexed to consumer prices or to other social benefits (section C-1 c and e of the Recommendation).

Minimum income schemes involve a preliminary assessment of the claimant's resources. As specified by the Recommendation (Section B.3), in all Member States this is an assessment not of the applicant but of the household situation¹⁰ in which that person lives. This is the critical criterion upon which the provision of assistance depends. The levels of payment then depend on the composition of the household. Minimum incomes are also subsidiary to family solidarity. To a greater or lesser extent claimants have to try to obtain any maintenance payments due to them.

The secondary status of minimum incomes, compared with other social benefits (Recommendation, Section B-5), varies. In eight Member States -Belgium, Austria, Germany, Spain, France, Ireland, Luxembourg and Portugal- minimum income claimants must have used up their entitlement to other social benefits. Minimum income support may temporarily be provided while awaiting a decision on claims for another benefit¹¹. Several Member States,

⁷ Italy did not respond to the Commission questionnaires in 1996 and 1997.

⁸ Taken in a broad sense of all social protection payments including other social minima.

⁹ There are for example instances when minimum income is not granted whilst income from work or from other benefits is lower than the guaranteed minima. This question is discussed in several chapters (II-4-2, III-3-2.2) as well as in the conclusions.

¹⁰ There are variations in national definitions.

¹¹ As an example, Ireland in particular uses this arrangement.

such as the Netherlands, Germany and Luxembourg, indicate that minimum incomes may also be used to supplement retirement or unemployment benefits. Only some Spanish Autonomous Communities do not allow a combination of these benefits with minimum incomes. In the UK, Denmark, Finland, Sweden and the Netherlands, claimants need not have used all entitlements to other benefits. Minimum income schemes, nonetheless, remain the final safety net.

Minimum incomes are non-contributory. No previous contributions need to have been made. Accordingly, funding of these measures in the Member States is, in general, dependent on tax revenues rather than on contributions paid from earned income.

Minimum income schemes are not time-limited, in line with the Recommendation's requirement (Section B-4)¹². The termination of payments depends on the level of resources of the household. Despite this open-ended nature, minimum incomes in most Member States are only intended as a temporary measure to alleviate exceptional situations which recipients are expected to escape from, particularly through employment, with or without other assistance.

1 - 2. The contribution of other benefits

Minimum income schemes do not act in isolation but rather as part of a range of various social benefits, social services and aid in kind.

This report covers the schemes most generally applied (cf table 1). In Ireland and the UK, the schemes are divided into two benefits according to the work availability of the recipients. In some Member States specific non-contributory social minimum arrangements exist which cater for:

- persons who have reached statutory retirement age: six Member States have such arrangements: Belgium, France, Spain, Ireland, Portugal and the UK¹³;
- people with disabilities: seven Member States have established minimum income for the most severe disabilities: Belgium, Spain, France, Ireland, the Netherlands, Portugal and the UK (footnote 13);
- lone-parent families: specific minimum income benefits exist to a certain degree in Belgium, France, Ireland and the UK (footnote 13);

Seven Member States set age requirements (18 years for Belgium, Ireland, the Netherlands, Portugal and UK¹⁴, 25 for France and Spain, and 30 for Luxembourg) which exclude part of the working-age population from the schemes. France, Spain and Portugal lower the age requirement when the recipient has responsibility for dependents. In addition, the schemes considered in this report often cover immigrants, asylum seekers, and nationals of non-EU countries provided they comply with residency requirements.

Minimum income schemes do not act in isolation, so caution is needed when evaluating the specifically identified support provided by them in the Member States. They may complement some benefits, up to statutory maximum amounts, as outlined above. In addition their impact may be enhanced by other benefits (added to the minimum income maximum amounts), aid in kind or services to meet specific needs, as defined in the Council Recommendation (C-1,b).

¹² In Spain and in France, the limits imposed are offset by the possibility of as many renewals as necessary

¹³ Included in Income Support.

¹⁴ 16-17 years under restricted conditions.

These additional benefits may be treated as rights or may be discretionary¹⁵. They cover needs relating to housing, health, education, travel, heating, food, clothing, or household equipment (cf. Table 1).

I - 3. Availability for work

12 Member States require minimum income recipients to be available for work or training. Exceptions cover illness, disabilities, or caring for young children or disabled adults.

As provided for in the Recommendation (B-3), minimum income schemes, except in France, require recipients who are able to work to be available to do so. They must be actively looking for work and be ready to accept any job which is suitable or appropriate. In Ireland and the UK the availability condition applies to Unemployment Assistance and the income-based Jobseeker's Allowance, respectively. In France this condition does not apply. To find a job is one of the options of the overall integration process in which the "RMI" recipient is involved. Two-thirds of "RMI" recipients are nevertheless registered job seekers.

Member States define exceptions to the availability requirement quite similarly. Exceptions include people with disabilities¹⁶, people not of working age, and people in charge of young children or adults with disabilities. The little data available shows wide variations between Member States in the numbers unavailable for work (33% of minimum income recipients in Sweden, 87.6 % in Luxembourg). This may relate to the existence or otherwise of separate assistance arrangements for such categories. People suffering from long-term illnesses which prevent them taking up employment (5% in Germany and Portugal, 30% in Sweden) can also be added to these groups. Also, drugs and alcohol abusers, who tend to be over-represented amongst minimum income recipients, are sometimes considered suitable for work and sometimes not.

As regards family responsibilities and the education of children, many Member States grant a temporary exemption from the availability for work requirement when recipients have children not yet of school age. Some Member States also apply more flexibility to single-parent families. The problem of reconciling work with family life in this area is difficult. The approach adopted may have a direct effect on the lives and education of the children involved. Childcare provisions can facilitate access to work or training. These services are free in Sweden, included with the *Toimeentulotuki* in Finland and this facility is planned for single-parent families in the UK. However, comprehensive information on this key feature of developing affordable and accessible facilities for low income families still needs to be gathered.

I - 4. Social support

Half the Member States have set up social integration measures often associated to those of training and employment.

The Recommendation advocates that entitlement to minimum incomes should be complemented by economic and social integration measures (Sections B-3, C-4). The Member States have, to varying degrees, taken action relating to health treatments, detoxification, advice on family budgets (over-indebtedness), children's education, mobility (driving lessons), learning

¹⁵ This supplementary assistance may also be provided to people whose primary income is provided from means other than minimum incomes.

¹⁶ However, a number of Member States (Finland, Sweden, the United Kingdom, Luxembourg and Germany) mention activities developed for people with disabilities.

languages, rights and duties as citizens. Employment remains the ultimate objective for most of these accompanying measures. In some Member States, for example Belgium, Spain, and France, these measures are specified in individual integration contracts (see chapter IV).

II - Recent trends in the use of minimum income schemes

II - 1. The relief of poverty

Minimum income costs are small compared to overall social protection expenditures, but, for the majority of their recipients, they represent the major source of income. Their levels vary substantially between the Member States.

Minimum income schemes concern the most acute situations of lack of resources. They are not intended to cover all situations of poverty. Social protection systems as a whole give a wider response to problems of poverty through the entire range of the social transfers they provide. In terms of budgetary expenditures¹⁷, minimum incomes cost very little¹⁸. However, for the majority of recipients, such minimum income payments remain significant, since they constitute their main or only source of income.

Work on the evaluation of support provided by minimum incomes and their associated benefits remains incomplete and will be developed further in future reports. Table 2 gives an overview of the levels of support expressed in purchasing power parities and covering minimum incomes, housing benefits and family allowances. It shows very wide variations between Member States. Housing benefits and family allowances together can account for more than half of the assistance provided. For couples with two children, family allowances constitute 7% to 28% of the overall support¹⁹. This proportion increases in single-parent families and reaches 42% in Finland. Housing benefits are more difficult to estimate as they can vary widely from region to region or from municipality to municipality within a single Member State. They can also depend on the personal situation of the recipient when calculated on the basis of actual housing costs. Their contribution to the support provided ranges from 7 % to over 50%.

The complex interaction of these mechanisms on household income may hinder incentives for active labour market measures for many people (cf II-4.1). This important policy question is raised in the European Employment Guidelines and the national action plans.

II - 2. Who are the beneficiaries?

An increasing number of job seekers and people who have suffered disruptions in their lives. Single men and single-parent families form a large proportion of recipients²⁰. Certain groups remain dependent on minimum income for a long period.

¹⁷ "Social Protection in Europe 1997" - Executive summary, COM (1998) 243 final. According to the European Household Panel, social transfers in the Union accounted for around 30 % of net household income in 1993. For some 35 % of households, they were the main source of income and without them just under 40% of households would have had a level of income of under half the national average. After transfers, around 17 % of households in the Union had a level of income below this.

¹⁸ "Social Protection in Europe 1997" - document of the services, April 1998, Using ESSPROS data on "social exclusion" expenditure accounts for 1.6% of the total EU (Greece excluded) in 1995. Spending on social exclusion was relatively low in most countries, zero or close to zero in the Southern Member States and only over 1% of GDP in Denmark and Sweden - though in this case there may be classification problems, insofar as expenditure on ensuring that nobody's standard of living falls below a minimum level can potentially be met through other elements.

¹⁹ Children can be taken into account not only with family allowances which are included or not in the estimated available income of minimum income claimants, but also in adapting the minimum income amounts themselves. These two methods can be used in one country.

²⁰ Recipient = person who receives minimum income in his/her own name or as head of an eligible household.

The size and composition of the population receiving minimum incomes is influenced by the provision of other specific income support arrangements targeting certain groups which are not considered in this report (cf. I-2). Furthermore, persons entitled to apply for a minimum income do not always do so. This can be explained by a lack of information, discouragement caused by the complexity of the administrative procedures, or social stigma which may be associated with claiming minimum incomes²¹.

Nonetheless, the number of minimum income beneficiaries has risen in all Member States since the end of the 1980s²²(table 3). There appear to be two factors behind this rise. The first is higher and more persistent unemployment. The second relates to a rise in the numbers who have experienced social disruptions in their lives, e.g. family breakdowns, forced migration, homelessness, delinquency, prison, over-indebtedness.

Compared to the overall number of households, two main groups are over-represented among minimum income recipients. These are people living alone, mostly men (more than half of the recipients in all Member States with the exception of Denmark and Spain) and single-parent families, almost exclusively women with children (10 to 20% of GMI recipients, peaking at 35-40% in some Spanish Autonomous Communities). There is also a significant proportion of young people among minimum income recipients. They take up minimum income at the outset of their working lives, in some cases even earlier.

In part, these trends reflect the deterioration of labour market opportunities during the 1990s. They are also linked to the choices made in social policies, especially in social protection systems. Couples, with or without children, are, for example, under-represented. Reasons for this can be found in the way social protection systems cater for families as well as in the greater likelihood that at least one partner will have a job.

It is difficult to assess the effective duration of minimum income payments. Few Member States have data available, and the data that does exist is influenced by the administrative limits imposed on the schemes by the authorities. However, several Member States refer to an overall increase in the average duration of payments and to signs of long-term insecurity among certain recipients. Approximately 10% of recipients claim minimum income for several years, for example in France and Finland. Nearly a third of recipients claim Unemployment Assistance for more than three years in Ireland. This is despite the fact that minimum income schemes were designed as short-term assistance measures for people temporarily without financial resources. The longer people claim minimum income, the more difficult it becomes for them to leave the scheme. In the Netherlands it is estimated that chances of leaving the scheme go from 49% the first year to 13% the fourth year, those of finding a job from 15 to 5%.

II - 3. *Sliding down from unemployment benefit to minimum income*

Restrictions in unemployment benefits make minimum income the only possibility for many unemployed people.

Beneficiary: person who benefits from minimum income either directly or as a dependent of a recipient in the same household

²¹ Follow-up reports are intended to study a wider range of factors linked to claimant eligibility, potential misuse and coverage of the schemes

²² With the exception of a temporary casing-off in the Netherlands

All Member States have identified the link between the rise in the level of unemployment and the growth in the number of minimum income recipients. At the same time that unemployment has risen, many Member States have shortened periods of entitlement to unemployment benefits, lowered the amounts paid or applied stricter qualifying conditions. One third of minimum income recipients are job seekers in Belgium, Germany and Sweden, two thirds in France, 86% in Portugal and 90% in Ireland (table 4).

Minimum incomes may, therefore, supplement unemployment benefits when their individual rate or the rate applied to the household are higher than unemployment benefits. Also, the latter applies specifically to the unemployed person, with no account of household²³. In Germany 16% of the *Sozialhilfe* recipients between 21 and 65 receive it to supplement unemployment benefit. Of these, 33% are couples with children. This adds to the complexity of the administrative process.

Minimum incomes are also used as a last resort when entitlement to contributory unemployment benefit ends, or when the conditions governing eligibility for these benefits are not met. Entitlement to unemployment benefit (insurance-based) requires previous employment with related social security contributions over a minimum period. This requirement generally rules out:

- young people leaving school,
- people who have been unemployed for long periods or who have never worked,
- people who have been in part-time employment or on fixed-term contracts where the entitlement conditions were not met.

These groups can, therefore, be found among minimum income recipients. Given the minimum age requirement also existing in eight Member States, some young people find themselves unable to obtain any sort of economic support.

A number of Member States, Austria, Germany, Spain, Finland, France, Portugal and Sweden have an assistance-based unemployment benefit which can be claimed when entitlement to insurance-based benefit ceases, generally at a lower level and subject to specific national conditions. However, one must have received the former to qualify for the latter; the categories mentioned above are still not eligible. This can represent an obstacle to job seeking where those under minimum income do not have the same access to general employment-related measures as those receiving unemployment benefits (cf. III-1). Ireland, the UK, Denmark and Luxembourg operate only two types of benefits for those seeking work, one contribution based, the other one income-based. They both give the same access to general employment-related measures.

An important side effect to note is that moving from unemployment benefits to minimum incomes often implies a shift in responsibilities from national budgets to regional and/or local budgets. This increases the pressure on those local economies which are suffering the highest unemployment.

II - 4. Obstacles preventing exit from the schemes

Labour market insecurities and complex benefit arrangements may contribute to the difficulties in leaving the schemes.

²³ Except in Ireland, however, where the Unemployment Benefit is barely higher than the SWA and in the UK where the income-based JSA is at the same level as the income support.

People will be willing to leave minimum income schemes when income from other benefits or employment can be expected to produce more than the maximum amounts set for minimum incomes. Obstacles they meet may be personal but may also be linked to the functioning of the schemes.

II - 4.1 *The risk of benefit traps*

Minimum income may complement other benefits when payments made are lower than their maximum amounts. In addition to the unemployment benefits mentioned above, minimum incomes can also top up disability, illness or retirement benefits (table 4). Breaking free from minimum income schemes, therefore, depends on decisions taken in the implementation of the other benefits.

Minimum income can also operate with associated benefits and services which tend to multiply administrative procedures and eligibility conditions. Claimants who, because of their situation, have more problems in adapting are less likely to be able to address this administrative complexity easily. When they persist with their claim it is because they hope to get more security. It is not surprising that they then may feel reluctant to leave such schemes for employment if the jobs offered are insecure, and the way back to minimum income coverage is administratively daunting.

Also, minimum income recipients do not always get active support to find jobs and training, bringing another disincentive into the process. Several Member States' contributions to this report show that staff at local level are often over-stretched just in the processing of work and that not enough time is available to devote to integration and employment measures. All of this means that there is still much progress to be made in meeting the simplification requirement of the Recommendation (Section C-6), to make systems more effective, and to put into practice the Member States' objective in the active social and labour market policy field.

II - 4.2 *Finding a job is not always enough*

Every Member State has a share of recipients who are in active employment when they claim minimum income. This is the case for half the recipients in Sweden, 20% of whom work full-time, 13% in France, the Netherlands and Finland, 8% in Luxembourg, 7.4% in Germany and 5.3% in Portugal (table 4). This phenomenon has not previously been so evident in the Member States. Its growth is also related to the increase in part-time and atypical work.

In response to these new situations and to facilitate the move into employment without income loss, Member States are trying to include in their schemes various formulae, either permanent or temporary, for minimum incomes to supplement wages (detail in chap.III.3.2.2). This new flexibility may also have the effect of increasing the number of beneficiaries.

III - Pathways to employment

The "availability for work" criterion included in national provisions²⁴ has taken on renewed significance with the economic and budgetary constraints the Member States have been facing since the 1980s. Provisions now refer to being actively available, and the concept of "suitable" or "appropriate" jobs has been loosened. However, few minimum income recipients find a job either on their own or after referral to general training and employment measures. Member

²⁴ Except in France.

States are seeking to improve these results and better target the limited resources available on those who need them most.

This section does not examine the employment measures common to all job seekers, but looks at the specific steps involved in moving from minimum income to employment, the way Member States approach this issue (Recommendation, Sect.C-5) and the quality of jobs the recipients can expect to obtain.

III - 1. What should be expected from the employment services?

That they co-ordinate their action with the services administering minimum income schemes and cater more for their recipients than in the past.

As the main route back to the labour market, minimum income recipients who are available for work register with the employment agencies²⁵. In principle, this enables them to be treated on an equal footing with others.

In most countries, the shift from unemployment benefit to minimum income also means a change in the administration and delivery of benefits. Social services care for minimum income beneficiaries, rather than employment services. These services often operate separately. Social services have traditionally not seen their work in terms of addressing unemployment, but have considered it as only one among many difficulties faced by their clients. But, in some Member States they have gradually been called upon to play an increasingly active role in this field. This does not mean replacing employment agencies, but undertaking specific activities relating to the labour market.

Some Member States, aware that this separation may not be helpful to the employment prospects of minimum income recipients are attempting to bring social and employment services closer. A first step involves including recipients in the target groups for employment measures along with the long-term unemployed (as in Belgium, France, Germany, Portugal, for example). It is also de facto the situation in Ireland and the UK where both groups of job seekers receive the same benefits. In Germany, up to 20% of participants in the employment support programme for the long-term unemployed can be recipients of the *Sozialhilfe*²⁶. Portugal has also re-categorised *Rendimento mínimo garantido* recipients as a priority target group for measures financed by the European Social Fund.

Another step, more difficult and longer term, involves focusing employment services more strongly on those facing the greatest difficulties, and developing partnerships with the services administering minimum income schemes to help to do so. In Belgium, public social welfare centres often work in partnership with training and employment services. France has put emphasis on re-channelling the resources of national employment agencies towards groups in greatest difficulty. In Germany a guidebook²⁷ was published in 1998 by the Federal Authority for Employment and the Federal Union of local authorities to encourage co-operation between employment and social services in favour of *Sozialhilfe* recipients.

²⁵ Compulsory in some Member States.

²⁶ "Aktion Beschäftigungshilfen für Langzeitarbeitslose 1995 bis 1999", 10-02-1995

²⁷ "Leitfaden für Sozialhilfeträger und Arbeitsämter zur beruflichen Eingliederung Arbeitsloser", Bundesanstalt für Arbeit und Bundesvereinigung der Kommunalen Spitzenverbände, Nürnberg/Köln, März 1998

In the Netherlands, public employment services focus effort on people who are most difficult to place. People are identified in co-operation with the local authorities in charge of the social services. By 2001, public employment services, social assistance offices and social executive agencies will merge into « one-stop-shop » front offices for all job seekers and benefit claimants, the Centres for Work and Income²⁸. In the UK Benefits Agency staff are generally located with the Employment services, which are responsible for Jobseeker's Allowance recipients²⁹. The role of the Employment services has been reinforced. They contract with a wide range of local partners to deliver the New Deals for job seekers.

Greater co-ordination between services tends to bring methods more closely in line with objectives, combining standardised administrative approaches with more personal support and counselling, as with the individual pathways to integration referred to below (chapter IV).

III - 2. How to improve employability?

Strong competition and lack of basic skills and competences prevent people from participating in general training programmes. Specific measures help to improve their employability and may help to compensate for educational and training deficiencies.

III - 2.1 Improving skills and competences

Only a small percentage of minimum income recipients (table 5) take up training or a work placement. Quite apart from budget constraints, even if benefit recipients do have access to standard training measures, they often lack the basic skills and competences to fulfil entry requirements or to take full advantage of such training measures.

Denmark has passed the *Lov om Kommunal Aktivering*³⁰, under which local authorities are obliged to set up remedial education schemes (20% of participants in activation measures) and work training placements (60%). In the UK, during the 4 month "Gateway" period preceding the New Deal for the unemployed, help with basic skills can be provided by local partners. New Deal participants without National Vocational Qualification level 2³¹ can be offered full-time education or training for up to 12 months. Sweden has a national education and training policy, the multi-annual "Adult Education Initiative" (1997-2002) and associated "employability institutes" (AMI). The compensatory education offered is however available in priority to people who have successfully completed compulsory secondary education.

However the specific training courses involved tend to be restricted, of short duration and with a low take-up rate. These problems stem not only from budgetary constraints but more broadly from the absence of clear strategies to address the shortcomings of national education systems.

Training can be combined with work placements, which also tend to be of short duration. They are accompanied by financial compensation for employers (for example in Germany, Luxembourg, Belgium, France, Denmark and the United Kingdom). Germany has developed a tripartite (employee, employer, public employment service) integration agreement for the long-term unemployed incorporating guaranteed training, the costs of which are covered by the

²⁸ SZW, ministry of social Affairs and Employment, "The other face of the Netherlands, about preventing and combating hidden poverty and social exclusion", progress report, April 1997

²⁹ People with specific social problems can be referred to social services which remain separate

³⁰ replaced by the *Lov om Aktiv Social-politik* on 01-07-98

³¹ follows compulsory secondary education

public employment service. Within the British New Deal for young people, employers sign quality commitments concerning in particular the training offered.

III - 2.2 *Specific measures as temporary solutions*

Nine Member States (Belgium, Denmark, Germany, Spain, France, Luxembourg, the Netherlands, Portugal and the United Kingdom) have set up measures with the ultimate (often long-term) objective of reintegration into the labour market. Most Member States reserve them for recipients who are required to be available for work. Some Member States give access to them not only to those required to be available for work but also to some exempted groups such as single-parent families or older recipients (Denmark, Luxembourg and the Netherlands³²). France and Portugal present them as possible options for all beneficiaries.

III - 2.2.1 *Incentives for voluntary activities*

In these nine Member States, activities which are publicly useful are proposed as specific measures particularly by local authorities, in sectors such as public buildings and amenities maintenance, environmental improvement, services for local communities and hospitals. Participants receive a supplement to the minimum income in the form of a bonus or reimbursement of expenses.

These measures avoid complete inactivity and reduce social exclusion. They also help people not capable of easily taking on the constraints of open employment. However, these measures do not reflect real labour market conditions in the nature of the work or the conditions of employment. The participants remain dependent on social welfare benefits and they cannot acquire insurance-based social protection entitlements such as pension and unemployment rights, except the non-contributory minima which exist in some Member States. As a result, these measures remain of limited use. They are marginal in France and they are being phased out in Germany and Luxembourg in favour of subsidised jobs in the non-profit sector.

III - 2.2.2 *Subsidised jobs in the non-profit sector*

This option is the most favoured in those Member States where it exists. Local authorities are directly involved in job creation, particularly in the social economy sectors, local and public services and in some cases are themselves employers. The jobs are close in content to those described in section 2.2.1 but are better structured and often supported by employment contracts. Social security contributions are deducted, giving insurance-based social protection entitlements.

These kinds of jobs include:

- in Spain, the *empleo social*;
- in Belgium, recruitment by the public social welfare centres of *Minimex* recipients who are then made available to work for local communities or NGOs;
- in Germany, job creation by the municipalities, particularly for young people, under the *Hilfe zur Arbeit* programme;
- in France, the contracts *emploi solidarité* (CES³³) and *emploi consolidé* (CEC), for which RMI recipients are amongst the priority groups;
- in Denmark, job training with public employers;
- in Luxembourg, *Affectations temporaires indemnisées*;
- in Ireland, the Community Employment Programmes;

³² Lone-parent families, persons aged over 57½, persons not able to work for social or medical reasons

³³ They cover 40% of the labour market integration of RMI recipients. RMI recipients represent 30% of the signed CES.

- and in the Netherlands, the *Banenpool* (Job Pools) and *Melkert* experiments.

The development of these measures places heavy demands on local authorities, forcing some Member States to reconsider the distribution of funds, staff and responsibilities. On the question of financing, the situation differs between Member States. In Luxembourg, Portugal and France³⁴ budgets are national but their management is decentralised. In Sweden and Germany the local authorities have to foot the bill for all the costs of the minimum income schemes. In the other Member States, costs are shared between local and national authorities. However, finance is not the only question. A further consideration is whether local authorities have the staff and expertise to organise this activity effectively.

Most jobs offered are of minimal quality, low paid, part-time, short-term, with little guarantee of renewal. Few last more than one year³⁵. People hired on this basis do not always gain real work experience of use in a subsequent job. They still have problems finding their way back into the labour market on any kind of permanent basis. In the Netherlands in 1996, 6% of those in subsidised employment found a regular job, 16 % in Luxembourg in 1995. In France in 1996, 27 % of those entered into RMI schemes had found a job a year later. 44% were on assisted contracts³⁶, with three-quarters of these having to accept part-time employment while waiting for a full-time opportunity.

III - 3. Access to the labour market

There are few measures for minimum income recipients. Member States are paying special attention to easing the transition to paid jobs in order to avoid income loss.

III - 3.1 Access to companies

There are various measures offering incentives to employers. The most common are grants or a reduction in social security contributions within a framework of fixed-term contracts. Most Member States have made use of such measures without targeting minimum income recipients specifically. Germany, Luxembourg, Belgium, the Netherlands, France and the UK give incentives to employers to take on minimum income recipients.

Measures are included to minimise the risk of employers substituting subsidised workers for existing staff. They encourage employers to keep on employees after the subsidised periods (*contrats-types* in Luxembourg, tripartite agreements in Germany, agreements to meet quality criteria of the New Deal options in the UK, *contrats initiative emploi*, CIE, in France). Experience shows that employers are, on the whole, not well disposed to taking on the people who are brought to them in such arrangements. Yet, particularly because of pre-selection by employers before they start, the proportion of those who subsequently find a regular job is higher than with the previously-described options. It would be useful in future to evaluate the quality of the jobs offered.

Apart from financial incentives, several Member States are trying to draw on the social responsibilities of companies and employees. Denmark organised a national and European conference on this subject in 1997³⁷. In France and Portugal employers and trade unions are

³⁴ Furthermore each *Département* has to use 20% of its RMI budget for specific integration measures (on health, housing,...) which can complement the subsidised work contracts.

³⁵ Except for instance, Ireland where those who are over 35 years and are difficult to place can be offered three year contracts, and France where CIE can be renewed for a maximal period of five years.

³⁶ Including subsidies to companies mentioned in section III-3.

³⁷ "A new partnership for social cohesion", Copenhagen, June 1997

brought together in local commissions for integration, designed to help create new employment opportunities at local levels. In Belgium the public social welfare centres (CPAS) seek partnerships with employers.

A further option has recently been opened to minimum income recipients in France, Ireland, Spain and Portugal, that of assistance with creating one's own job or setting up a company. Specific subsidies are also given to set up *entreprises d'insertion*, undertakings which welcome and employ people with difficulties who are particularly vulnerable in labour market terms.

III- 3.2 Financial incentives for returning to work

When comparing net minimum income replacement rates against average wages³⁸, the economic incentive to find work is, generally preserved in the case of people living alone. They account for almost half of minimum income recipients in the Union. In the case of couples with two children where only one parent is working, the replacement rates are significantly higher. However, replacement rates are lower in the case of both parents working, which is a very common situation in the Nordic countries and is becoming increasingly commonplace in the rest of the Union. Replacement rates for single-parent families have been somewhat underestimated as they do not take account of child-minding costs, which is a key factor when taking up a job.

The comparison between minimum incomes and minimum wages³⁹ is a topic of debate in several Member States. It would be useful to estimate in future the replacement rates against the statutory minimum wages⁴⁰ as there is a high probability that the wages available to someone leaving minimum income schemes will be at this level.

III - 3.2.1 Adjusting minimum income rates

As an incentive measure to stimulate job search, Member States could, in principle, reduce minimum income rates. They do not do so because the rates are seen as minimum subsistence levels and decreases would be difficult to justify. Member States have, however, reinforced penalties for people in receipt of benefit who turn down a job or refuse to participate in integration measures. Benefits may be suspended for a few months, and the suspension extended in the event of a further refusal (as in Belgium, Spain, France, Luxembourg and Portugal) or the amount reduced (by 20% - 25% in Denmark, Germany, Finland; 15, 20 then 100 % in the Netherlands; 40% of the personal allowance in the United Kingdom). It is usually possible to appeal against such a decision. There are few statistics available on the actual application of penalties (2.1% of the recipients in Portugal, 2.8% in Luxembourg, 5% of the signed *contrats d'insertion* in France).

III-3.2.2 Smoothing the transition from minimum income to a paid job

To ease transition from minimum income to a paid job, six Member States (Belgium, Denmark, France, Germany, Ireland, the Netherlands) have transitional periods (one to three years) during which minimum income can be used wholly or partly⁴¹ to top-up wages. Ireland and the Netherlands do so with the aim of encouraging part-time work⁴². Luxembourg indefinitely

³⁸ Or two third of these wages, family and housing allowances included; table 3.4 p.35 in "Social benefits and work incentives", OECD, 1998 edition

³⁹ They exist in six Member States.

⁴⁰ On full time basis

⁴¹ Sometimes in a degressive way

⁴² NL: for those over 57,5 and single-parent families with children under 5;
IRL: concerns Unemployment Assistance and Lone Parents Assistance.

disregards earnings up to a limit of 20% of the overall guaranteed income. Ireland and the UK allow minimum income to be claimed by people working up to 30 and 16 hours per week respectively⁴³. Beyond these limits they have opted for a system of in-work benefits applicable only to families with children⁴⁴. Only some Autonomous Communities in Spain have maintained a strict ban on receiving minimum income and being paid for work.

The approach could be extended to associated benefits, as is the case for housing support in Ireland and the UK. Minimum income recipients would then have stronger positive incentives to take advantage of the possibility of employment. As yet, few Member States follow this path, perhaps because the complexity of the process and allocation of responsibilities at different administrative levels tend to slow progress.

The effectiveness of such measures depends on ensuring appropriate connections between labour law, social protection, training and active labour market measures and tax systems. In line with the Commission White paper on Growth, Competitiveness and Employment⁴⁵, Member States have taken steps to lower non wage labour costs for lower skilled workers. Furthermore Member States have now agreed upon a specific Employment Guideline⁴⁶ aiming at reviewing and refocusing benefit and tax systems and providing incentives for unemployed or inactive people to seek and take up work or training opportunities.

IV. A step further; individual pathways to integration

Only a minority of recipients are able to leave minimum income schemes for a paid job. To achieve better results, a new approach is being developed based on individual contracts by which signatories commit themselves to personal projects.

In the Member States with statistics on this issue (Table 5), the proportions moving off minimum income schemes annually ranged from 6% to 33 %. Those concerned did not necessarily find a job and where they did (13% in the Netherlands, two-thirds in France of those leaving the schemes), it is difficult to assess how permanent those jobs were.

Member States have begun to investigate other avenues of social integration, to address the complexity of institutional and personal barriers to integration faced by people. For example, minimum income recipients may have difficulties in relation to family environment, education and housing, which might jeopardise their chances of finding and keeping a job.

Social workers, often the main point of contact for minimum income recipients, observe a general difficulty in planning ahead and getting to grips with constantly changing training and employment measures. To remedy this problem, advice and services have been developed to help overcome disruptions and to enable people to operate on time scales more compatible with the pace of personal development.

Tailor-made action plans are designed to facilitate a consistent approach over a period of time, taking into account the family and social environment. This may include, for example, seeking

⁴³ Under standard minimum income rules.

⁴⁴ A pilot "top-up earnings" scheme for others is on trial in the UK. In Ireland, the Back-to-Work Allowance, a three-year degressive support, is provided for newly-created additional jobs or for those who become self-employed. In-work benefits include housing costs.

⁴⁵ COM (93) 700 final

⁴⁶ Guideline 4 in European Employment Guidelines, COM(98) 574 final for 1999

more social autonomy (language courses, driving lessons, detoxification treatment), improving the family situation (children's education, reducing debts), participating in local self-help schemes, improving housing or training, learning about rights and duties as citizens. Employment remains, in most cases, the final objective.

Member States have made varying amounts of progress in this area, for example:

- in Finland, since March 1998, compulsory individual plans for those rejecting a job offer;
- in Germany, the Gesamtplan provided for by the *Sozialhilfe* Act (§19 (4));
- in Denmark, the *individuel handlingsplan* which the local authorities are obliged to organise for *Social Bistand* recipients aged over 25;
- the Dutch *weg naar de arbeids markt* for the long-term unemployed which comprises agreements relating to social integration, education and training;
- the British "Jobseeker's Agreement" which is a condition of entitlement for the JSA and is reviewed fortnightly. It sets out the range of jobs which the job seeker is available for and the steps he/she agrees to take to find work.

Other Member States have developed the pathway approach as a mutual undertaking which not only restores to minimum income recipients responsibility for their future, but also specifies the way the social and employment services should help to achieve his/her objectives. Also, in France and Portugal, these mutual undertakings formally involve local communities represented within specific integration committees which co-sign the commitments.

These commitments correspond to the Belgian *contrat d'intégration*, the French *contrat d'insertion*, the *projet d'insertion* in Luxembourg, the Spanish *proyecto de integración* and the Portuguese *acordo de inserção*. They are essentially seen guidelines used by social workers on a discretionary basis. They cover about 15 % of the recipients in Belgium, 22% in Portugal and 28 % in France. These commitments are not direct employment contracts. Employment is one component among others in the overall objective of social integration. For instance in Portugal one out of five *acordo de inserção* deals with education, health and/or social support and one out of ten covers housing.

V. Perspectives, sufficient resources and assistance as a starting point for social and economic integration

In the Recommendation the Council had advocated the need "to recognise the basic right of a person to sufficient resources and social assistance to live in a manner compatible with human dignity as part of a comprehensive and consistent drive to combat social exclusion". Minimum income schemes respond to this in two ways. Firstly, they are the final safety net mechanism of income redistribution, and are vital at times of economic crisis and increased risk of poverty. Secondly, owing to the associated benefits and services, they constitute an anchor point on which to base social and economic reintegration of their recipients.

The Council Recommendation has helped to organise and stimulate the debate between Member States. National schemes are converging in their scope and eligibility provisions. However, notable differences remain in the position of the schemes within social protection systems, their links with other parts of the structure of social and employment support, and the means of their implementation, such as guaranteed support levels and conditions for associated benefits and services.

For the poorest people, reintegration into general (insurance-based) social security systems often means going back to a regular job. Only a minority of minimum income recipients can currently expect to do this. Most jobs offered are temporary solutions. The borderline between minimum incomes and wages is becoming blurred. The development of part-time and short-term jobs has contributed to this. It is also possible that expanding the scope for minimum incomes to top-up wages help a wider emergence of these new types of employment. On the other hand one might wonder whether minimum incomes are the most appropriate instruments to support people in part-time and low-paid work.

Given labour market insecurities, generating sustainable employment opportunities for minimum income recipients requires perseverance. Member States are committed to this in varying degrees. Initiatives taken include job creation in the non-profit sector, mobilising employment services and smoothing the transition between minimum incomes and wages without income losses. The individual agreements or contracts implemented in several Member States reinforce these processes by linking employment to a wider vision of social integration, and by more actively involving minimum income recipients.

To continue working with the Member States with a view to improving the situation of the beneficiaries of schemes falling under the Recommendation, the Commission proposes to further develop the following questions:

Optimise the social protection given

- how to better cover essential needs and take into account associated benefits (housing, health, family, etc)?
- can there be more consistency between social minima and other social benefits, in particular those related to unemployment and retirement?
- to what extent can these schemes be used to top up wages?
- how can the functioning of the schemes be improved for the benefit of their users?

Increase the access to employment

- how can we help recipients to better participate in general training and employment measures?
 - is it necessary to implement specific measures, if so, for what reasons and of what type?
 - what are the best ways to facilitate the transition to wages without income losses ?
 - can we improve the quality of employment offered and available to the recipients ?
- These questions should be addressed in conjunction with the European guidelines for employment and the national action plans.

Develop social and economic integration

- what are the rights and responsibilities of the recipients and their dependents?
- how can co-ordinated responses to the multiple social and economic problems faced by the recipients be organised?
- what does the rise in numbers of recipients of minimum incomes reveal about the way our social and economic policies are working to promote their stated objectives of social participation and cohesion? What solutions should we look for to improve social inclusion?

The Commission also wishes to open the discussion to social partners, NGOs and other civil society organisations as major stakeholders in social and economic inclusion policies. The discussions which will be held and the orientations which can be drawn from them will contribute to preparing the implementation of the new Article 118 of the future Treaty (Article 137 of the consolidated version).

Table I

National Minimum Income schemes, main associated benefits and services

	Basic scheme	Main associated benefits and services
Austria	<i>Sozialhilfe</i>	Housing benefit; suitable accommodation which is not covered by the standard rates of benefit are met by means of additional cash or non-cash benefits. Illness or health insurance.
Belgium	<i>Minimex(minimum de moyens d'existence) - Minimum inkomen</i>	In principle, <i>Minimex</i> covers all necessary costs. However, one-off payments may be issued at the discretion of local welfare offices. Main payments are for e.g. housing and housing-related costs, medical costs, utilities arrears.
Denmark	<i>Social Bistand</i>	Housing benefit. Education benefits for students living at or away from home.
Finland	<i>Toimeentulotuki</i>	Housing benefit. The 'Additional part of the living allowance' (for some discretionary expenses) covers especially high health care expenses of public health services, children's day care costs and especially high costs of work-related necessities.
France	<i>Revenu Minimum d'Insertion - RMI</i>	Maximum housing allowance for tenants; exemption from housing tax. Free medical assistance. Within the Integration Contract, various means are put at the disposal of recipients.
Germany	<i>Sozialhilfe</i>	Housing benefit. Health insurance or illness-related expenses. Education allowance; aid for exceptional cases.
Ireland	<i>Supplementary Welfare Allowance - Unemployment Assistance</i>	Housing benefit. Allowance for clothing and footwear for school-age children. Benefits in kind for bedding, fuel and other essential household equipment.
Luxembourg	<i>Revenu Minimum Garanti - RMG</i>	Housing benefit. Free medical insurance.
Netherlands	<i>Algemene Bijstand</i>	Housing benefit. Free medical insurance.
Portugal	<i>Rendimento Minimo Garantido (RMG)</i>	Housing benefit. Medical costs (for certain categories), education grants, subsidised public transport.
Spain	<i>Renta Minima</i>	Emergency social aid (housing, appliances, furniture).
Sweden	<i>Socialbidrag</i>	Housing benefit; allowance for single-parent families.
United Kingdom	<i>Income Support Income-based Job seekers Allowance</i>	Housing benefit; dental treatment, subsidised glasses, fabric supports, milk and vitamins for children < 5 and pregnant women, school meals. Help with maternity and funeral payments. Cold Weather Payment for pensioners, disabled, those with child < 5; local tax allowance.

Minimum income recipients benefit from general national provisions relating to healthcare, education and family assistance. The above table only states services and allowances over and above the standard national provisions. Employment and training provisions are treated directly in the text of this report.

References:

- Pierre Guibentif, Denis Bouget, "Minimum income policies in the European Union", Lisbon 1997.
- National answers to 1996 Commission questionnaire on Guaranteed Minimum Income.
- European Foundation for the improvement of living and working conditions, "Report on GMI development in EU Member States in 1992-1997", December 1997, Matti Heikkila, Darren McCausland.
- OECD, "Social Assistance in OECD countries: country reports", 1996

Table 2

Levels of Support provided by Minimum Incomes, Family and Housing benefits

1995, expressed in purchasing power parities

Member States	A ⁴⁷	B	D	Dk	E ⁴⁸	F	Fin	Irl 49	L	NL	p ⁵⁰	S	UK 51
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Single - no children

Net overall support	483	499	661	561	304	481	644	384	808	734	221	625	661
Housing benefit %	27	0	36	9	0	40	40	0	14	21	21	7	56

Couple - 2 children

Net overall support	1082	926	1230	1431	565	858	1266	852	1519	1090	654	1207	1094
Housing benefit %	15	0	29	0	0	31	20	0	7	14	10	14	34
Family benefit %	23	28	7	11	8	11	14	9	14	10	10	13	11

Single-parent family - 2 children

Net overall support	903	926	895	1007	504	760	1050	837	145	1006	476	994	960
Housing benefit %	18	0	34	11	0	35	24	0	10	16	13	18	38
Family benefit %	28	28	13	26	10	12	42	9	18	11	13	14	16

Housing and family benefits are stated as percentages of the net overall minimum income support: a zero % means there is no separate housing benefit; it implies that the cost of housing should be covered by minimum incomes. Figures shown are net after taxes. Benefits are subject to taxes (income taxes and local taxes) in Dk, L, NL and UK.

References:

- Figures modelled on the basis of OECD database on Taxes, Benefits and Incentives;

Internet : <http://www.oecd.org/els.socpol/benefitscompendium/index.htm>.

- Purchasing power parities-Eurostat : Statistics in Brief - Economy and Finance, 1995/2. Each amount in a national currency is converted to common value reference, the PPA which makes it possible to purchase the same quantity of goods and services in each Member State for any one given year.

⁴⁷ Average of the 9 existing *Sozialhilfe* schemes (1 for each Bundesland). A very approximate amount of housing benefit has been included. It is not possible to estimate an actual amount because housing benefit varies greatly depending on individual circumstances.

⁴⁸ In each family *Renta Minima* and Family Benefits are taxable but none is paid by recipients as the amount of benefits does not exceed Tax Credits.

³ Housing Benefit not included as data unavailable. Relatively few Supplementary Welfare Allowance recipients receive Housing Benefit. Lone-Parent Allowance, which comprises 68% of overall support is taxable but none is paid by recipients as the amount does not exceed the Tax Free Allowance.

⁵⁰ 1997 data, first year of "RMG" implementation.

⁵¹ Income Support is taxable (partly taxable for Couple + 2 and Single + 2) but none is paid by recipients because the amount does not exceed Tax Free Allowances. The small amount of tax which the table shows to be paid in the UK is for a "local tax". However, this is balanced by a local tax benefit which is paid to minimum income recipients, therefore, actually no tax is paid.

Table 3

Characteristics of Minimum Income recipients

	% of recipients													
	B 1997	DK 1994	D 1996	E 1997	FI 1994	FR 1996	Irl 1997 SWA	U.A.	L 1994	NL 1995	P 1996	S 1994	UK 1997 I.S.	JSA
Persons living alone (m/f)	54	40,5 25,3/15,3	51,6	22 à 30	61,4 36,9/24,5		72,8		66,5	57,6	?	61,5 39 22,5	59	78
Single-parent families (m/f)	19	11,5 1/10,5	22,7	35 à 40	10,5 1,3/9,2				19,5	23,6	21,9	17,2 1,9 15,3	27	1
Couples with children	9,2	32,5	14		15,8				8,2	11,8		15,6	5	15
No. of recipients	80 020	290 000	1 377 945	63 714	339 020 (1995)	1 010 472	18 279	159 777	4622	493 000	89 937	715 000	4103000	1097000
Change since 1990 %	+ 62	- 16	+ 11 (/ 1995)	+26 (95 97)	+ 87	+ 98		+ 14	+ 73 (1986)	- 7		+ 8 (93 94)	*	
Total population covered	126 000 (est.)		2.688 805	186 568	584 100 (1995)		37 604		6 804		283 433			
Age Distribution	27%<25 y 51%<35 y	50% < 30 y	73 % < 40 y	2/3 < 45 y	2/3 < 30 y		70 % < 39 y	53 % < 35 y	54 % < 40 y	60 % < 40 y	51 % <25 y		9%< 25 y 43% >60 y	29 < 25y 13 > 50y

y = years

Recipients correspond to actual households as defined within each national scheme including all possible household compositions (a single person or a recipient and dependents, children and/or adults of the same family). The total population covered is generally estimated from the recipients' statements.

Reference : Pierre Guibentif - Denis Bouget, "Minimum Income policies in the European Union", 1997 ; with the following additional references:

B : Situation on January 97; *les bénéficiaires du minimex en Belgique, 1990-1997, Le Secrétaire d'Etat à l'intégration sociale, Jan Peeters;*

D : Situation on 31-12-96; *Sozialhilfe Statistisches Bundesamt ;*

DK : Susanna Brogaard and Hanne Weise: *Evaluering af Lov om kommunal aktivering 1997;*

E : % vary according to Spanish Autonomous Communities; *Fundacion Argentaria, 1995;*

F : Situation on 31.12.96, including overseas departments (DMO) which represent about 16% of total ; *DIRMI/CAF, June 1997;*

P : Situation on 31-08-98;

IRL : Situation on 31-12-97; SWA = Supplementary Welfare Allowance; the annual flow is higher (73 554 recipients in 1997); U.A. = Unemployment Assistance;

L : 3rd GMI report of the *Conseil Supérieur de l'action sociale* to the Chamber of Deputies, July 1996; data *FNS/CDP Dec. 1994;*

NL : Data for recipients ranging from 18 to 64 years of age;

UK : I.S = Income support; JSA = income-based Jobseeker's allowance; *Statistics Quarterly Enquiry, Nov 97; Northern Ireland: Income support 100% census. JSA 20% sample. Data rounded to nearest thousand; * Number of IS recipients increased by 36 % over period 1990/95. From October 1996, JSA replaced IS where it was paid to unemployed people.*

Table 4

The situation of minimum income claimants with regard to employment

% of total claimants					
	Employment	Job seekers		Training	Other
		Paid	Unpaid		
B	2.8	7	30.1	3.8 (students)	56.3 of which 10.8 family break-up, 9.6 supplement to other benefits, 2.9 disability/illness
D	7.4	14.3	20.9	5.3	62.1 of which 14.8 family dependents; 7.1 disability/illness; 1.4 retired persons
E	very little	Long-term unemployed		slight	Single-parent families
Fm	11.1	54.3	Very little		76.7 supplement to other benefits
F	13	13.8	41.2	6	26
Irl	not available	90			10 of which 2.6 disability/illness; 1.6 refugees
L	8	31			51 of which 26 disability/illness, 18 spouse at home, 8 over 60 years old
P	5.3	86.2			5 retired persons, 2.8 disability/illness, 0.7 support of household
S	50, of which 20 full time	4 x national average			33 disability/illness
UK	not available	21,1 (JSA)		not available	78.4 of which 34.1 retired, 19.5 single-parent families, 17.3 disability/illness

nb: it is possible for a minimum income claimant to receive several other social benefits.

References:

National replies to 1997 Commission questionnaire with the following additional references:

B: when claiming *Minimex* status; *Enquête sur l'accroissement du nombre des demandes en vue de l'obtention du minimex, Union des villes et communes belges, section CPAS*; data for year 1994.

D: situation on 31-12-1996 for persons 15 to 65 years old; *Sozialhilfe Statistisches Bundesamt*.

E: *Ministerio de Trabajo y Asuntos sociales, "Las rentas minimas de insercion", origen, modelos y aplicacion en las Comunidades autonomas, 05-1997*.

F: when claiming RMI, Isa Aldeghi, *Les nouveaux arrivants au revenu minimum d'insertion, enquête RMI 900 - CREDOC-DIRMI 1996, CREDOC, nov. 1996*

IRL: Supplementary Welfare Allowance + Unemployment Assistance; Statistical information on Social Welfare Services-Department of Social Community and Family Affairs - 1997.

L: situation at the time of request; *Rapport d'activité 1995 du Service Nationale d'Action Sociale*.

P: Results for the trial period 1-7-96/ 31-10-97; 17 960 households received the "RMG" during this period. 11 482 households still received it on 30-07-97.

S: Reply to 1996 questionnaire, data dated 1994.

UK: Income Support + income-based Jobseeker's Allowance (JSA), *Statistics Quarterly Enquiry, Nov.97*;

Northern Ireland: Income support 100% census, JSA 20% sample.

Table 5

Results achieved by socio-economic integration measures

% of total recipients

	"Active "	No longer receiving min. income	employment	Unpaid work	Training	Other
Dk	49	20 à 30	15		34	50 in supplement to other benefits
D	8.4					
E	100 in theory		13 <i>empleo social</i>	not available	not available	0.05 <i>proyectos de integracion social</i> (healthcare, children's education, ...)
Fr	> 28	33	27		6	47 job seekers, 5 other
L	12.0	6.0 in 96	4.7	3.9	3.5	79.5 exempt from MSC
Nl		32.9	11.6	not available	0.6	18.8 of which 4 have moved abroad, 4 marriages
P	21.8		9.7		21.5	18.6, health ; 23.7, social support; 7.8, housing

« active » = recipients who are engaged in active measures.

Employment = people who have found a job, assisted or unassisted

References:

Member States' replies to 1997 Commission questionnaire with the following additional references:

D: Participants in *Hilfe zur Arbeit* programme; Breuer *Wilhelm Revenu minimum garanti et politiques d'insertion sur le marché de l'emploi, le cas de l'Allemagne* ISC, *Sozialforschung und Gesellschaftspolitik*, 1995, based on investigation in 1992

E: *Ministerio de Trabajo y Asuntos sociales, "Las rentas minimas de insercion", origen, modelos y aplicacion en las Comunidades autonomas, 05-1997*; *Fundacion Argentaria, "Las rentas minimas de insercion en Espana: entre la asistencia y la insercion*, provisional version May 1995; data 1993

F: Situation one year after their admission in RMI scheme. 28 % "active" = those having signed a *contrat d'insertion*; Isa Aldeghi, *Les nouveaux arrivants au revenu minimum d'insertion, enquête RMI 900 - CREDOC-DIRMI 1996*, CREDOC, Nov. 1996

L: On 31-12-1995: out of 7 433 recipients, 5 912 (79,5%) were exempt from *Mesures sociales complémentaires (MSC)* 56,7% non-exempt are « active »; 3rd report of « Conseil supérieur à l'action sociale » to Chamber of Deputies, July 1996

NL: Data 1991, study *De l'assistance nationale à l'emploi*, Social Affairs and Employment Ministry, May 1994. In 1995 the activation measures concerned 27,5 % of total recipients.

P: Results from period 1-7-96/ 31-08-98; 21,8 % "active" = those having signed an *acordo de inserçao*

COUNCIL RECOMMENDATION

of 24 June 1992

on common criteria concerning sufficient resources and social assistance insocial protection systems

(92/441/EEC)

THE COUNCIL OF THE EUROPEAN COMMUNITIES,

Having regard to the Treaty establishing the European Economic Community, and in particular Article 235 thereof,

Having regard to the proposal from the Commission ⁽¹⁾,

Having regard to the opinion of the European Parliament ⁽²⁾,

Having regard to the opinion of the Economic and Social Committee ⁽³⁾,

(1) Whereas reinforcing social cohesion within the Community requires the encouragement of solidarity with regard to the least privileged and most vulnerable people;

(2) Whereas respect for human dignity is one of the fundamental rights underlying Community law, as recognized in the preamble to the Single European Act;

(3) Whereas social exclusion processes and risks of poverty have become more prevalent and more diversified over the last 10 years, owing primarily to a combination of developments in the labour market with, in particular, growth in long-term unemployment, and in family structures with, in particular, an increase in social isolation;

(4) Whereas there is a need for general development policies capable of contributing towards halting the perceived structural trends to be accompanied by specific, systemic and coherent integration policies;

(5) Whereas, consequently, social policy efforts need to be continued, their achievements reinforced and these policies adapted to the multi-dimensional nature of social exclusion, which involves linking the various forms of immediate assistance needed to measures aiming expressly at the economic and social integration of the people concerned.

(6) Whereas people with insufficient, irregular and uncertain resources are unable to play an adequate

part in the economic and social life of the society in which they live and to become successfully integrated economically and socially; whereas the right of the least privileged to sufficient, stable and reliable resources should therefore be recognized as part of a consistent, overall policy for supporting their integration;

(7) Whereas on 29 September 1989 the Council and the Ministers for Social Affairs meeting within the Council adopted a resolution on combating social exclusion ^(?) which stressed that combating social exclusion may be regarded as an important part of the social dimension of the internal market;

(8) Whereas the Community Charter of the Fundamental Social Rights of Workers, adopted at the European Council in Strasbourg on 9 December 1989 by the Heads of State or Government of 11 Member States, states, *inter alia*, in its eighth recital and in points 10 and 25:

'Whereas, (...) in a spirit of solidarity, it is important to combat social exclusion;

'According to the arrangements applying in each country:

10. Every worker of the European Community shall have a right to adequate social protection and shall, whatever his status and whatever the size of the undertaking in which he is employed, enjoy an adequate level of social security benefits.

Person who have been unable either to enter or re-enter the labour market and have no means of subsistence must be able to receive sufficient resources and social assistance in keeping with their particular situation.'

'25. Any person who has reached retirement age but who is not entitled to a pension or who does not have other means of subsistence, must be entitled to sufficient resources and to medical and social assistance specifically suited to his needs.'

⁽¹⁾ OJ No C 163, 22. 6. 1991, p. 3.

⁽²⁾ OJ No C 150, 15. 6. 1992.

⁽³⁾ OJ No C 14, 20. 1. 1992, p. 1.

^(?) OJ No C 277, 31. 10. 1989, p. 1.

- (9) Whereas the Commission has included this fundamental aspect of the fight against social exclusion in its action programme relating to the implementation of the Community Charter of the Fundamental Social Rights of Workers, while noting in particular the value of a Community initiative, in a spirit of solidarity, to assist the least privileged citizens of the Community, including the elderly, whose situation all too often resembles that of persons excluded from the labour market;
- (10) Whereas the implementation of a guarantee of resources and social assistance comes within the sphere of social protection; whereas it is for Member States to define, in this connection, the legal nature of the provisions intended to ensure this guarantee, which in most Member States do not come within the sphere of social security;
- (11) Whereas it is important to take account during the progressive implementation of this recommendation of the availability of financial resources, of national priorities and of balances within national social protection systems; whereas there are disparities in development between Member States as regards social protection;
- (12) Whereas, in its resolution on combating poverty in the European Community ⁽¹⁾, the European Parliament declared itself in favour of establishing in all the Member States a guaranteed minimum income to help ensure that the poorest citizens are integrated into society;
- (13) Whereas, in its opinion on poverty of 12 July 1989 ⁽²⁾, the Economic and Social Committee also recommended the introduction of a minimum social income, both to act as a safety net for the poor and to boost their reintegration into society;
- (14) Whereas this recommendation does not affect national and Community provisions on right of residence;
- (15) Whereas the Treaty does not, in respect of the attainment of these objectives, provide for any means of action other than those laid down in Article 235,

I. HEREBY RECOMMENDS MEMBER STATES:

A. to recognize the basic right of a person to sufficient resources and social assistance to live in a manner compatible with human dignity as part of a comprehensive and consistent drive to combat social

exclusion, and to adapt their social protection systems, as necessary, according to the principles and guidelines set out below;

B. to recognize this right according to the following general principles:

1. it is to be a right based on respect for human dignity;
2. the scope of that right is to be defined *vis-à-vis* individuals, having regard to legal residence and nationality, in accordance with the relevant provisions on residence, with the aim of progressively covering all exclusion situations in that connection as broadly as possible, in accordance with detailed arrangements laid down by the Member States;
3. every person who does not have access individually or within the household in which he or she lives to sufficient resources is to have access to such right:
 - subject to active availability for work or for vocational training with a view to obtaining work in the case of those persons whose age, health and family situation permit such active availability, or, where appropriate, subject to economic and social integration measures in the case of other persons, and
 - without prejudice to the Member States' option of not extending this right to persons in full-time employment or to students;
4. access is not to be subject to time limits, assuming compliance with the eligibility conditions and on the understanding that, in practice, the right may be granted for limited but renewable periods;
5. the right is auxiliary in relation to other social rights. An effort should be made in parallel to reintegrate the poorest people into the systems of general rights;
6. it is to be accompanied by those policies deemed necessary, at national level, for the economic and social integration of those concerned, as laid down in the resolution of the Council and of the Ministers for Social Affairs, meeting within the Council, of 29 September 1989 on combating social exclusion;

C. to organize the implementation of this right according to the following practical guidelines:

1. (a) fixing the amount of resources considered sufficient to cover essential needs with regard to respect for human dignity, taking

⁽¹⁾ OJ No C 262, 10. 10. 1989, p. 194.

⁽²⁾ OJ No C 221, 28. 8. 1989, p. 10.

- account of living standards and price levels in the Member State concerned, for different types and sizes of household;
- (b) adjusting or supplementing amounts to meet specific needs;
 - (c) in order to fix the amounts, referring to appropriate indicators, such as, for example, statistical data on the average disposable income in the Member State, statistical data on household consumption, the legal minimum wage if this exists or the level of prices;
 - (d) safeguarding an incentive to seek employment for persons whose age and condition render them fit for work;
 - (e) establishing arrangements for periodic review of these amounts, based on these indicators, in order that needs continue to be covered;
2. granting, to people whose resources taken at the level of the individual or the household are lower than the amounts thus fixed, adjusted or supplemented, differential financial aid to bring them up to these amounts;
 3. taking the necessary measures to ensure that, with regard to the extent of the financial support thus granted, the implementation of the regulations in force in the areas of taxation, civil obligations and social security takes account of the desirable level of sufficient resources and social assistance to live in a manner compatible with human dignity;
 4. taking every measure to enable those concerned to receive appropriate social support, comprising measures and services such as, in particular, advice and counselling, information and assistance in obtaining their rights;
 5. adopting arrangements in respect of persons whose age and condition render them fit for work, which will ensure they receive effective help to enter or re-enter working life, including training where appropriate;
 6. taking the necessary measures to ensure that the least privileged are informed of this right;
- simplifying as far as possible the administrative procedures and arrangements for examining means and situations involved in claiming this right;
- organizing, in so far as possible and in accordance with national provisions, the machinery for appeals to independent third parties, such as tribunals, to which the persons concerned should have easy access:
- D. to guarantee these resources and benefits within the framework of social protection arrangements;
 - to determine detailed arrangements, finance costs and organize their administration and implementation in accordance with national legislation and/or practice;
 - E. to implement the measures laid down in this recommendation progressively as from now in such a way that a report can be drawn up after five years,
 - taking into account economic and budgetary resources as well as the priorities set by national authorities and balances within social protection systems, and
 - where appropriate, varying their scope according to age group or family situation;
 - F. to take appropriate measures:
 - to collect information systematically on the actual arrangements for access to these measures for the people concerned, and
 - to carry out a methodical evaluation of their implementation and impact;

II. AND THEREFORE ASKS THE COMMISSION:

1. to encourage and organize, in liaison with the Member States, the systematic exchange of information and experiences and the continuous evaluation of the national provisions adopted;
2. to submit to the European Parliament, the Council and the Economic and Social Committee, on a regular basis, reports based on information supplied by the Member States describing the progress achieved and obstacles encountered in implementing this recommendation.

Done at Luxembourg, 24. 6. 1992.

For the Council
The President
José da SILVA PENEDA

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